

ASSEMBLY BILL

No. 1185

Introduced by Assembly Members Hayashi and Ma

February 23, 2007

An act to amend Section 5076 of the Business and Professions Code, relating to accountants.

LEGISLATIVE COUNSEL'S DIGEST

AB 1185, as introduced, Hayashi. Accountants: peer review program.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy, in the Department of Consumer Affairs. Existing law requires the board to review and evaluate whether to implement a peer review program applicable to certain accounting firms that provide attest services, and to report its findings to the Legislature and the department no later than September 1, 2011.

This bill would revise this requirement to instead require the board to complete its review and evaluation and to report its findings and recommendations to the Legislature and the department no later than September 1, 2008.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 5076 of the Business and Professions
- 2 Code is amended to read:
- 3 5076. (a) In order to renew its registration, a firm providing
- 4 attest services, other than a sole proprietor or a small firm as
- 5 defined in Section 5000, shall complete a peer review within three

1 years of the commencement of the peer review program and no
2 less frequently than every three years thereafter.

3 (b) For purposes of this article, the following definitions apply:

4 (1) “Peer review” means a study, appraisal, or review conducted
5 in accordance with professional standards of the professional work
6 of a licensee or registered firm by another licensee unaffiliated
7 with the licensee or registered firm being reviewed. The peer
8 review shall include, but not be limited to, a review of at least one
9 attest engagement representing the highest level of service
10 performed by the firm and may include an evaluation of other
11 factors in accordance with requirements specified by the board in
12 regulations.

13 (2) “Attest services” include an audit, a review of financial
14 statements, or an examination of prospective financial information,
15 provided, however, “attest services” shall not include the issuance
16 of compiled financial statements.

17 (c) The board shall adopt regulations as necessary to implement,
18 interpret, and make specific the peer review requirements in this
19 section, including, but not limited to, regulations specifying the
20 requirements for the approval of peer review providers, and
21 regulations establishing a peer review oversight committee.

22 (d) The board shall review and evaluate whether to implement
23 the program specified in this section, and shall report its findings
24 and recommendations to the Legislature and the department no
25 later than September 1, ~~2011~~ 2008. If the board determines that
26 the program specified in this section should be implemented, the
27 board shall identify the resources necessary for implementation
28 and recommend a date when the program shall commence.